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Message Text

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ACTION OES-07

INFO OCT-01 EUR-12 ISO-00 SOE-02 EB-08 SS-15 INT-05
TRSE-00 CEA-01 COME-00 OMB-01 /052 W
----------064382 272308Z /66
R 271145Z JAN 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 4880
DEPARTMENT OF ENERGY WASHDC

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USOECD

DEPARTMENT PASS EUR/RPE FOR LAASE, OES/NET FOR
PROCHNIK, DOE PASS VANDERRYN

E.O. 11652 N/A
TAGS: TECH, ENGR, OECD
SUBJECT: JOINT FUNDING OF IEA COOPERATIVE R&D PROJECTS

REF: STATE 012410

1. THE INFORMAL MEETING TO REVIEW THE ITALIAN FORMULA ON JOINT FUNDING OF COOPERATIVE ENERGY R&D HARDWARE PROJECTS WAS HELD ON JANUARY 24, L978. REPRESENTATIVES OF THE FOLLOWING COUNTRIES PARTICIPATED - AUSTRIA, EC, DENMARK, BELGIUM, FRG, IRELAND, ITALY, JAPAN, THE NETHERLANDS, SPAIN, SWITZERLAND, U.K., U.S.A.

2. IN ADDITION TO FACTORS NOTED IN REFTEL, U.S. DELEGATE POINTED OUT CERTAIN PECULIARITIES OF ITALIAN FORMULATION. BY DIVIDING THE PERCENT SHARE OF GDP OF IEA MEMBER COUNTRIES BY ENERGY EXPENDITURES AS PERCENT OF GDP, SHARING BECOMES PROPORTIONAL TO THE SQUARE OF GDP. IF THE 1975 GDP VALUES WHICH WERE USED BY THE ITALIANS WERE REPLACED BY 1977 DATA,
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THE CONTRIBUTIONS OF LARGER COUNTRIES WOULD BECOME UNDULY DISTORTED. FURTHERMORE, SINCE THE DENOMINATOR IS COMPOSED OF THE TERM, ENERGY IMPORTS PLUS ENERGY EXPENDITURES, IT WILL APPROACH AND THEN PASS ZERO AS A COUNTRY BECOMES A NET EXPORTER OF ENERGY. THUS, THE CONTRIBUTIONS OF THE U.K. AND NORWAY CAN BE EXPECTED TO FIRST APPROACH INFINITY AND THEN BECOME

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NEGATIVE.

3. APART FROM SPECIFIC CRITICISMS WITH REGARD TO CONCEPTS, THE MEETING CONCLUDED THAT ONE MATHEMATICAL FORMULA WOULD NOT SERVE THE DIVERSE INTERESTS OF POTENTIAL PARTICIPANTS IN ALL IEA SPONSORED JOINTLY FUNDED HARDWARE PROJECTS. IT WAS ALSO RECOGNIZED THAT THE GUIDING PRINCIPLES FOR COOPERATION IN THE FIELD OF ENERGY R&D ALREADY ADOPTED BY THE GOVERNING BOARD, AND THE POLICY ON DISSEMINATION OF INFORMATION ON IEA COOPERATIVE R&D PROGRAMS AND PROJECTS ADOPTED BY CRD CONTINUES TO PROVIDE A SOUND AND ADEQUATE BASIS. THERE WAS GENERAL CONSENSUS THAT THE FUNDING OF HARDWARE PROJECTS SHOULD PROCEED ON A CASE-BY-CASE BASIS.

4. NEVERTHELESS, THE AD HOC GROUP INFORMALLY IDENTIFIED A NUMBER OF ADDITIONAL PRINCIPLES WHICH SHOULD BE TAKEN INTO ACCOUNT FOR JOINT FUNDING OF SUCH PROJECTS. AT FIRST THE FORMULATION OF THESE PRINCIPLES TENDED TO BE HIGHLY SPECIFIC. ONE PROPOSAL

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R 271145Z JAN 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 4881
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WAS FOR CREDITS TO BE GIVEN TO SMALLER COUNTRIES FOR PARTICIPATION IN A PROJECT WHICH COULD BE APPLIED TOWARDS PARTICIPATION IN ANOTHER PROJECT. ANOTHER PROPOSAL ALLOWED FOR PARTICIPATION BY A NUMBER OF SMALLER COUNTRIES WHEN THEIR COLLECTIVE CONTRIBUTION

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EQUALED AN AMOUNT CONSIDERED AS THE MINIMUM ACCEPTABLE SINGLE CONTRIBUTION. THE U.S. DELEGATE POINTED OUT THE CONTRADICTIONS AND DIFFICULTIES INHERENT IN THIS APPROACH AND THE PREVIOUS HISTORY OF LITTLE OR NO DIFFICULTY IN ARRIVING AT MUTUALLY ACCEPTABLE FUNDING FORMULAS IN ALREADY APPROVED JOINTLY FUNDED IEA R&D PROJECTS. NEVERTHELESS, THE U.S. WAS THE ONLY COUNTRY WHICH ADVOCATED A MORE GENERAL FORMULATION.

5. HOWEVER, BECAUSE OF THE DIFFICULTY IN ARRIVING AT UNIVERSALLY ACCEPTABLE AND CONSISTENT PRINCIPLES, THE GROUP ITSELF, AFTER MANY HOURS OF DELIBERATION, ELIMINATED THE MORE SPECIFIC FORMULATIONS. THOSE THAT SURVIVED FOLLOW:

"APART FROM THE OBVIOUS DIFFERENCES IN NATIONAL ECONOMIC SITUATIONS, ACCOUNT NEEDS TO BE TAKEN ALSO OF: -
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-- THE LIKELY ADVANTAGES TO BE DERIVED FROM A GIVEN PROJECT BY THE DIFFERENT PARTICIPANTS;

-- THE EXTENT TO WHICH A GIVEN PARTICIPANT ALREADY CONTRIBUTES TO OTHER IEA COOPERATIVE R&D PROJECTS;

-- THAT A PARTICIPATING COUNTRY ACTING AS HOST TO THE CONSTRUCTION AND OPERATION OF A JOINTLY FUNDED HARDWARE PROJECT SHOULD BE PREPARED TO UNDERTAKE A SUBSTANTIAL PROPORTION OF THE FUNDING, DUE ALLOWANCE BEING MADE FOR THAT COUNTRY'S CONTRIBUTION OF THE SITE, ROADS, AND OTHER INFRASTRUCTURAL SERVICES."

7. DRAFT CONCLUSIONS WILL BE SENT BY THE SECRETARIAT TO PARTICIPANTS. IT IS INTENDED TO SUBMIT FINAL MEETING CONCLUSIONS TO THE CERD. SALZMAN

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Disposition Action: n/a
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Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
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